

Health Care Affordability Roadmap Discussion

Centers of Excellence, Deeper Dive



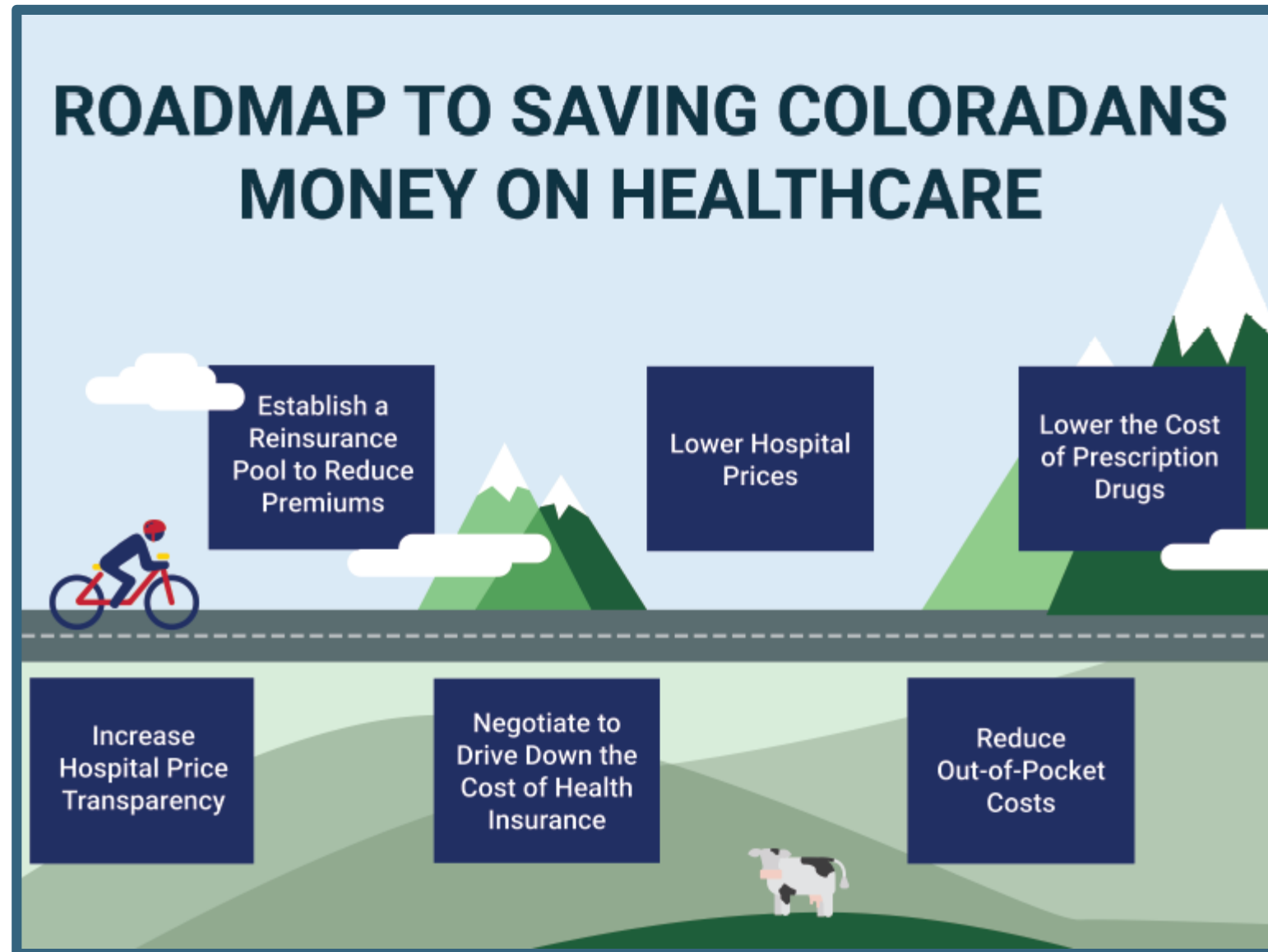
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Polis-Primavera Administration Goal:

Lower Healthcare costs to save people money on Healthcare

In the Short Term



In the Mid and Long Term

- Launch a state-backed health insurance option
- Improve vaccination rates
- Reward primary and preventive care
- Reform the behavioral health system
- Expand the health care workforce
- Support innovative health care delivery and reform models
- Increase access to healthy food

Source: Polis-Primavera Roadmap to Saving Coloradans Money on Health Care, pages 2-3, April 2019. Full roadmap available at colorado.gov/governor/sites/default/files/roadmapdoc.pdf

Affordability Roadmap Pathway

1. **Constrain prices, especially hospital** and prescription drugs.
2. **Champion alternative payment models.**
3. **Align and strengthen data infrastructure.**
4. **Maximize innovation** (through specialization, focus)
5. **Improve our population health.**
6. **Behavioral Health Task Force**
7. **More to come**

Centers of Excellence Definition and Ability

The definition of Centers of Excellence from the US National Library of Medicine and the National Institutes of Health:

- *CoE are specialized programs within healthcare institutions which supply concentrations of expertise and related resources centered on particular medical areas and delivered in a comprehensive, interdisciplinary fashion.*
- *Centers of excellence have the ability to dramatically enhance the depth and breadth of healthcare services available in communities.*



Why Consider a Centers of Excellence Approach?

The Centers of Excellence (CoE) Solution is an innovative win-win-win-win alternative that address a number of market pains, and generates the below advantages:

- rewards higher quality, lower cost hospitals (CoE) with more patient volume
- improves patient outcomes by procedure
- reduces costs for employers and other payers like Medicaid (lowering taxpayer burden)
- reduces costs for consumers by lowering insurance premiums
- incentivizes and rewards hospitals that struggle to meet cost and quality targets for specific procedures to refer patients needing that care to local Centers of Excellence



Centers of Excellence Process and Accountability

- The Centers of Excellence approach recognizes that all healthcare is local
- The ability to pursue Centers of Excellence is a collaborative decision, driven locally by each community. Communities have a choice. *This approach is not a mandate.*
- Often there is an existing organization to enable local discussions, i.e.: Mesa County Health Leaders Consortium. Where there isn't an existing organization, we help the community create one, to include at least:
 - Employers, employer chambers, Consumers, consumer groups
 - Elected/Appointed officials, county commissioners, etc.
 - State/local officials - HCPF, DOI, Public Health, etc.
 - Hospitals, Physician groups, FQHCs
 - Brokers, carriers, other payers
 - Regional Accountable Entities
 - Other - at the option of the community



Centers of Excellence Intentions

The CoE approach encourages hospitals to recognize where their performance may not be meeting community expectations, and where patient referrals to another community hospital may be in the best interest of the patient (quality outcomes) and affordability.

The CoE approach sets cost and quality standards by procedure and major line, i.e.: orthopedics, cardiac care, maternity, etc. If multiple providers meet those standards, then a community may have multiple CoE alternatives for various types of care.

The CoE approach is an alternative to Global Budgets, but achieves many of the same goals.



Centers of Excellence Economic Perspective

- Centers of Excellence (CoE) encourages hospitals - *a core component of the healthcare delivery system* - to be a more effective and engaged part of Affordability solutions. It puts the hospitals in the drivers seat to better meet the needs of their communities.
- It discourages hospital behaviors that propel “an arms race for market share”, which fuels higher healthcare prices.
- It encourages hospitals to compete with each other to be the higher quality, lower cost provider - *which is what consumers, employers and communities across the state want.*

Centers of Excellence Economic Perspective

- The CeE approach rewards hospitals who recognize and act on the fact that the community might be better off if they exited certain lines where they are underperforming and invested in their higher performing lines (*their* Centers of Excellence).
- Ultimately, the CoE approach encourages and rewards hospitals for behaving in the best interest of the community from a quality and cost perspective.
- Patient volume increases by major line in hospitals where quality is higher and costs are lower; patient volume decreases in settings where performance is not as favorable
- The result is savings to consumers, employers and the state, and higher quality for patients.

Centers of Excellence - Rural Communities

Colorado's Rural Hospitals and Critical Access Hospitals (CAH) have very unique needs:

- With few exceptions, rural and CAH hospital margins (profits) are most always lower than front range hospitals.
- They have more limited resources to invest in order to meet community needs
- They have lower patient volume and a lower revenue stream
- Rural hospitals across the country are closing at increasing rates.

Employing the CoE strategy can stabilize and strengthen our Rural and Critical Access Hospitals, to the betterment of our rural communities and in support of hospital leadership

Like with Global Budgets, CoE can also enable a strategic approach to investing in new capabilities and provider access to enable local expanded care access, thereby keeping patients and revenues local.

Centers of Excellence - Rural Communities

The CoE approach invites the community, hospital leadership and state leaders to craft a community strategy to more effectively meet the community's healthcare needs.

To Rural and Critical Access Hospitals (CAH), Centers of Excellence helps the community, the State and hospitals collaborate to:

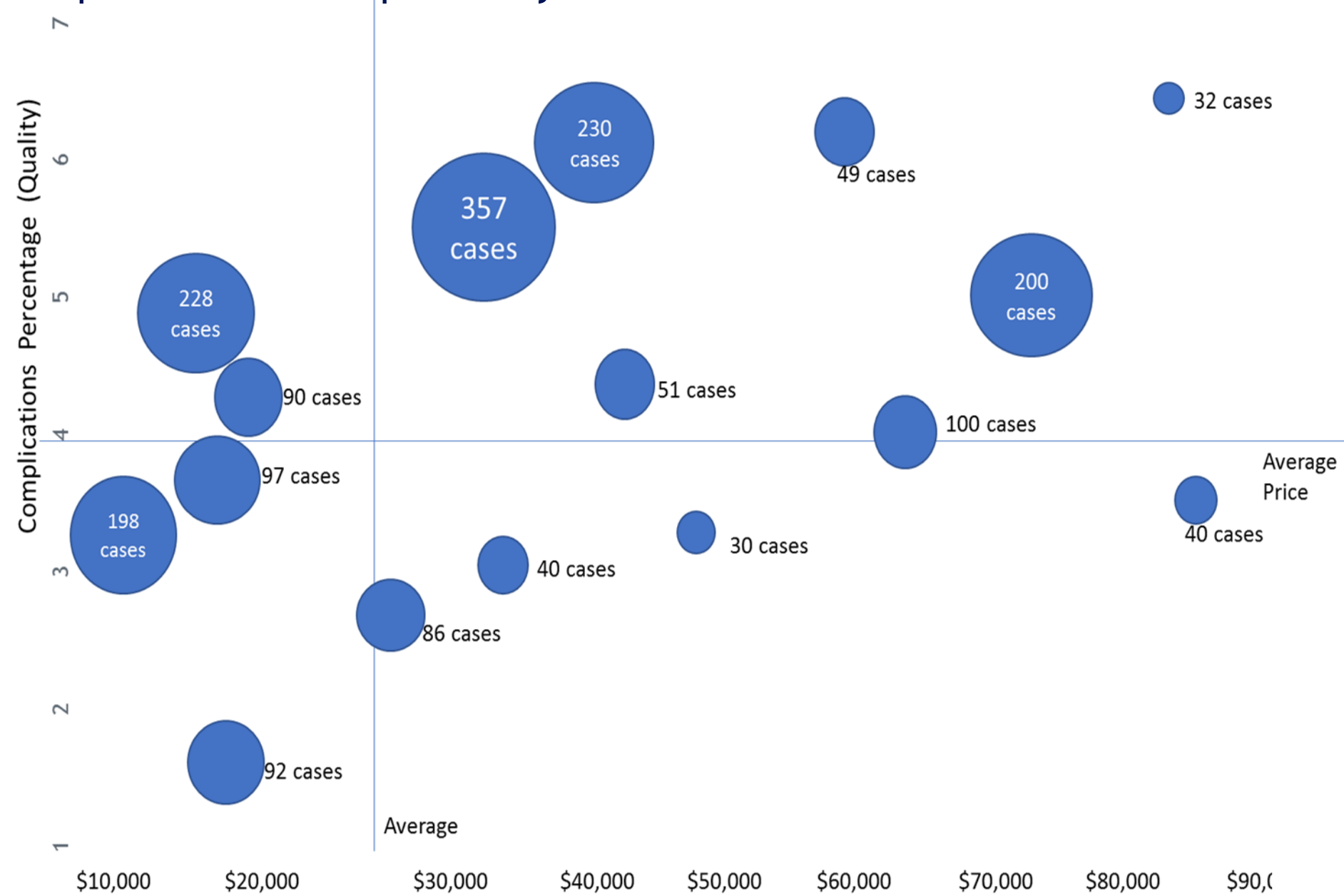
- Compete on cost and quality metrics versus trying to be all things to all patients
- Review cost and quality performance, by procedure across all hospitals
- Determine which services they excel at and which they don't
- Strategize together to more cost effectively meet the needs of the community
- Refer to each other's Centers of Excellence, driving down prices to the community and improving quality outcomes for local community members
- Reduce the need for each hospital to “be all things to their community”, which they struggle to do given limited financial resources - *despite their incredible passion to serve*

The Centers of Excellence Approach

Using available cost and quality insights by procedure, we plot all the community's hospitals based on their cost and quality performance by procedure.

Hospital leaders and communities can then see the variation in cost and quality between providers by major business line (deliveries, orthopedics, cardiac care, etc.) , enabling identification of Centers of Excellence.

Each bubble reflects a hospital. Bubble size reflects volume. Bubble position reflects cost/quality metrics. Charts are being produced for by procedure to help identify Centers of Excellence.



*illustrative example, not actual data

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Data Source: All-Payer-Claims Database (APCD)

State funds were appropriated in 2019 to HCPF to finance capabilities through the state's APCD that enable the Centers of Excellence program, including:

- Cost and quality performance graphics are being created by hospital by procedure (the bubble charts) to evaluate performance by major business line (orthopedics, cardiac care, deliveries, etc.)
- Funding is also creating processes and reports to enable self-funded employers and municipalities to add their claims data into the APCD, which currently houses mostly insurance company data.
 - Critical to propel robust rural community insights
 - Enables large, self-funded employers to see where their own hospital utilization is contributing to cost and quality challenges.

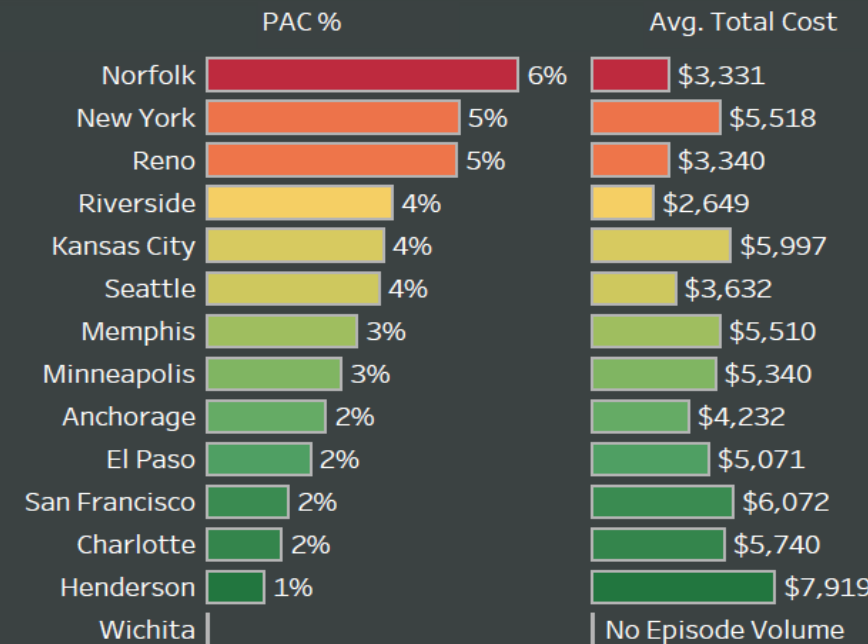


Boulder County Hospitals PAC% & Avg Total Cost per Episode

Total Cost	Total PAC Cost	PAC Percentage	Episode Count
\$57,028,905	\$1,691,822	3%	11,568

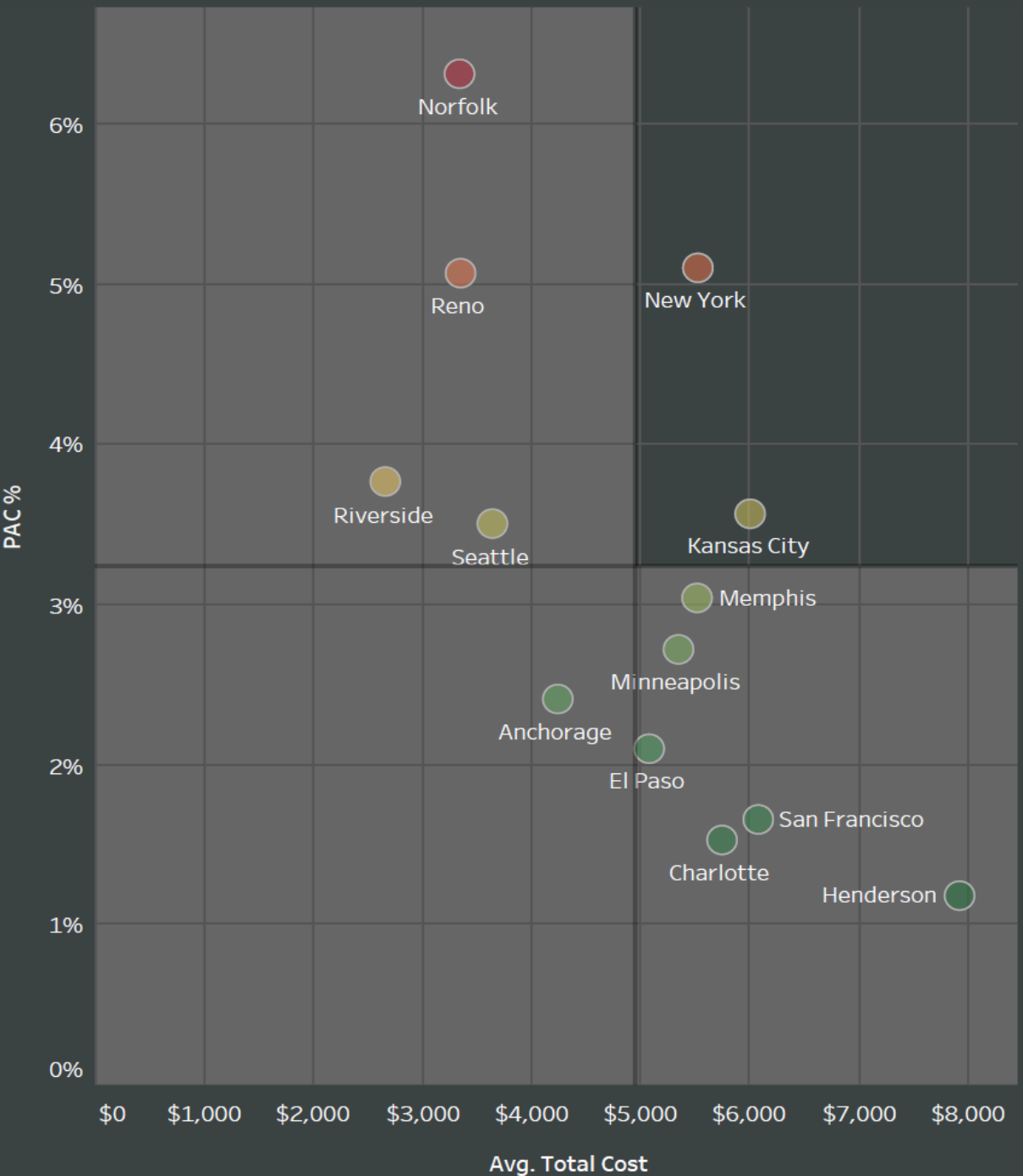
Peer Group
Bed Count : 26-99

Hospitals Ranked by PAC% & Avg Total Cost per Episode



** Vail Valley Medical Center's city alias is Henderson **
 ** Valley View Hospital's city alias is Kansas City **
 ** St. Anthony Summit Medical Center's city alias is Charlotte **

PAC % vs. Avg. Total Cost by Hospital



Prometheus - Helps Identify Centers of Excellence

- In 2019, all hospitals were provided and trained on Prometheus.
- Prometheus is a sophisticated tool that identifies “potentially avoidable costs” by procedure, i.e.: infections, complications or atypical billings included in their standard charges.
- Hospitals can use this tool to address their cost and quality opportunities, to the benefit of consumers, employers and other payers like Medicaid.

Total Cost
\$31,357,451

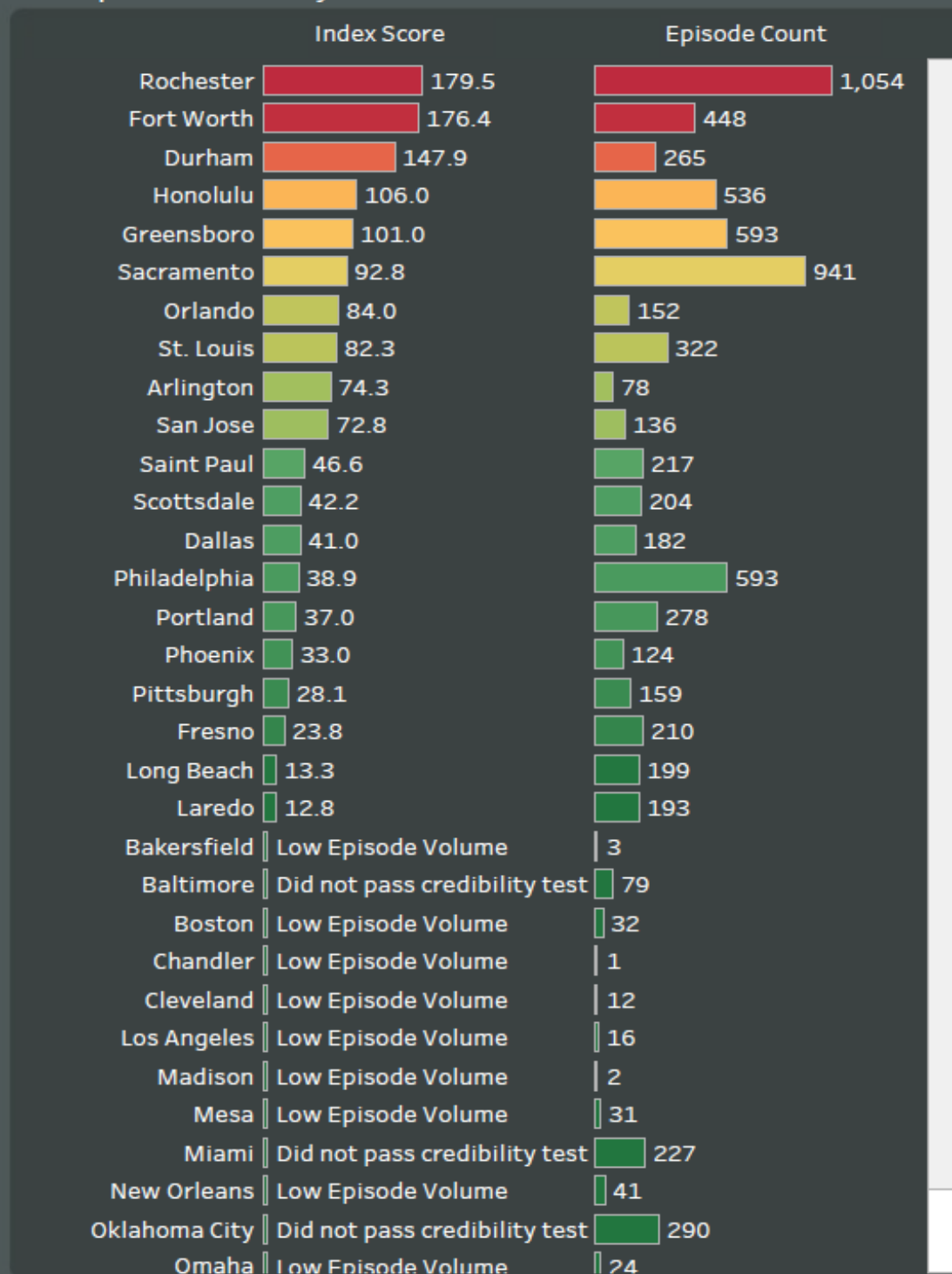
Total PAC Cost
\$831,530

PAC Percentage
3%

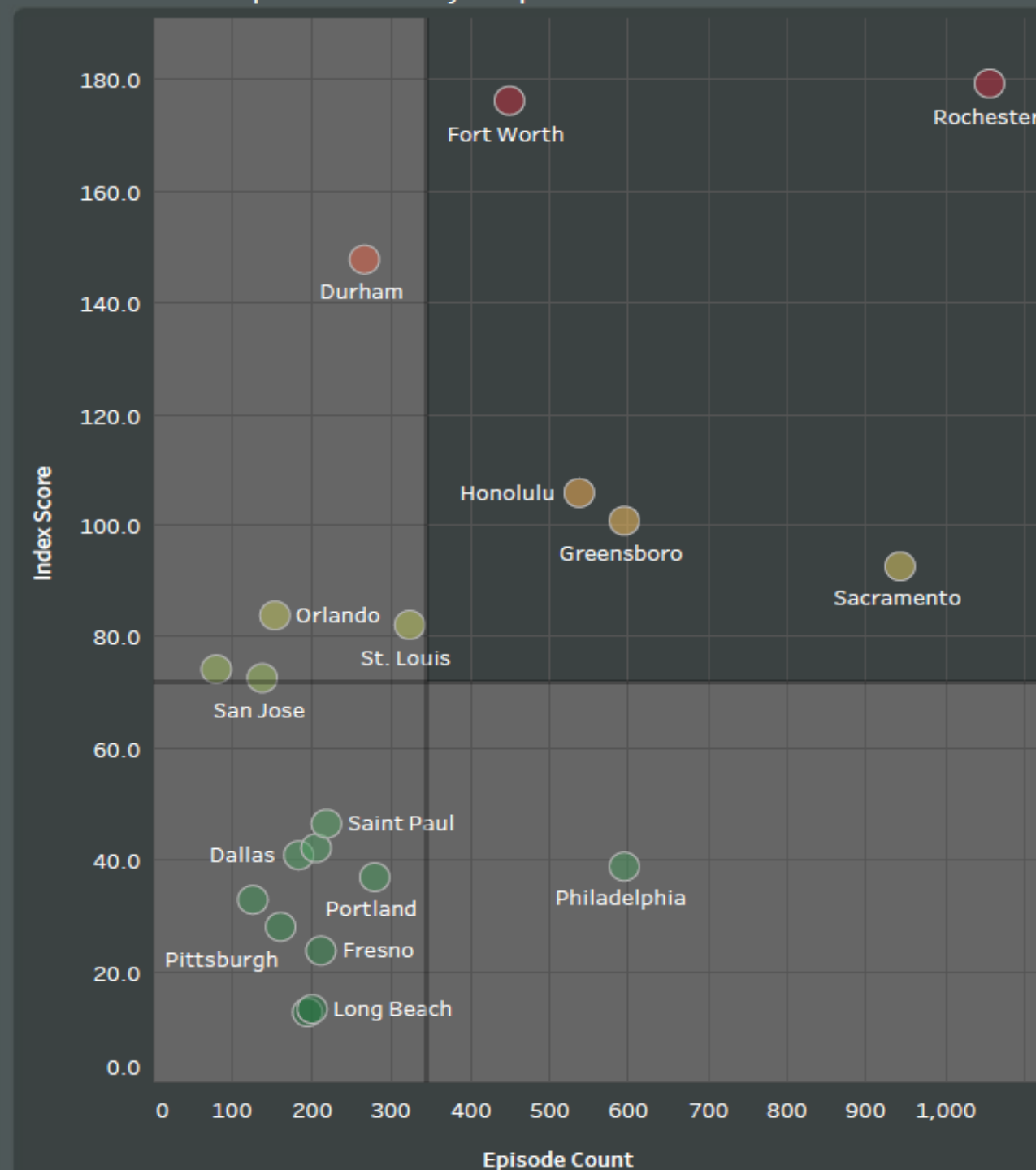
Episode Count
7,654

Peer Group
Bed Count : <26

Hospitals Ranked by Index Score



Index Score vs. Episode Count by Hospital



Prometheus - Helps Identify Centers of Excellence

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Centers of Excellence initiatives are incentivized through the Hospital Transformation Program (HTP)

HTP: Partnership between HCPF and CO Hospital Association to drive improved hospital behaviors

- HTP provides \$1+ billion a year in Supplemental Payments to hospitals to reward them for changing behaviors - behaviors that their own community asked them to change
 - i.e.: close down stand alone emergency rooms and replace them with primary care with extended hours, or add more mental health treatment access.
- HTP priorities were identified by communities around the state (carriers, FQHC, other providers, chambers, roadmap team, advocates, etc.) and CHA partnership
- HTP starts in 2019 and lasts for at least five years.



Centers of Excellence initiatives are incentivized through the Hospital Transformation Program (HTP)

- HTP incentivizes hospitals to “join an all provider collaborative”, which is necessary for hospitals to look at CIVHC/APCD data and other data that helps identify Centers of Excellence
- HTP incentivizes hospitals to use “Prometheus”, which is the tool that will help identify Centers of Excellence
- HTP includes an estimated \$12M to help rural hospitals develop shared community delivery strategies, to model the CoE work and payment methodologies, to forecast the changing needs of the community, and more.



Centers of Excellence Process and Support

- State representatives from HCPF, DOI, CDPHE are here to help as is CHA to:
 - Facilitate the Centers of Excellence discussions with community representatives
 - Identify affordability and other health care goals of the community
 - Enable Centers of Excellence conversations with hospital leadership
 - Aggregate hospital cost and quality data by procedure, specific to that community
 - Consider population health and other key inputs to help customize solutions

Centers of Excellence is Just One Component of the Affordability Roadmap

- State representatives from HCPF, DOI, CDPHE, etc. can help facilitate the Centers of Excellence discussions as part of the robust Affordability Roadmap.
- Goals of the process:
 - Adopt a comprehensive array of initiatives to drive affordability
 - Solutions should not just be hospital focused. The Affordability Roadmap includes many types of solutions, i.e.: innovations, shared systems, Rx, etc.
 - Tailor the entire Affordability Roadmap to meet the community's unique needs
 - Create milestones to implement all initiatives associated with the community's customized Affordability Roadmap, *including Centers of Excellence*

Centers of Excellence - TeleMedicine

TeleMedicine refers to the practice of caring for patients remotely when the provider and patient are not physically present with each other. Modern technology has enabled doctors to consult patients by using HIPAA compliant video-conferencing tools.

- TeleMedicine can dramatically improve access to CoE quality care, increase system efficiencies, smoothen care handoffs between providers, improve patient satisfaction, and increase access to care.

TeleMedicine is also helpful in serving these communities:

- Access to Specialty Care by patients with chronic conditions
- Behavioral Care access (private access battles stigma)
- Rural Access to care
- Care Access for Individuals with Disabilities & Seniors



Ultimately, Centers of Excellence providers should include TeleHealth when appropriate as a best practice.

Centers of Excellence - Other Leadership Roles

Centers of Excellence providers should take ownership of framing a patient-focused care coordination process that improves patient satisfaction, care delivery and efficiency.

Centers of Excellence may take accountability for transportation to and from CoE care for vulnerable patients needing this support, such as:

- Seniors
- Individuals with Disabilities
- Medicaid members
- Other

Centers of Excellence - Phase I Milestones

- Engage stakeholders in this policy evolution: hospitals, docs, consumers, carriers, etc. and across the state in various geographic markets
- Identification of target community's Centers of Excellence
 - APCD data, including Prometheus
- Share CoE data:
 - With community consumers, employers, health plans
 - Can be used to provide member incentives to use CoE providers
 - Can be used by PCMPs, ACOs, FQHCs to frame clinical pathways for referrals
- Facilitate collaboration between local hospital leadership to meet needs of the community with shared strategic approach
- HTP incentives for providers to join “All Provider Collaborative”
- Value based payments from carriers to reward providers for lowering costs and improving quality
- Order: Commercial market engagement, then Medicaid engagement
- Seek grants from CMMI to support CoE, similar to Global Budgets

Centers of Excellence - Phase II Milestones

- HCPF works with commercial payers to develop Alternate Payment Methodology to pay Hospital A (not a Center of Excellence for a specific procedure) to refer patient to Hospital B (which is a Center of Excellence for that procedure)
- Medicaid to consider a waiver to do the same
- State considers new higher level payments to CoE providers
- Other evolution TBD

Centers of Excellence - Near Term Collaborative Discussions

Hospital CEOs working with HCPF to lead Centers of Excellence collaborative discussions with other hospitals in their area:

- SCLHS St. Mary's, Community Hospital: Greater Grand Junction/Mesa County
- Saint Mary Corwin: Greater Pueblo (Parkview does not want to participate)
- Valley Health: Summit/Eagle
- Haxtun Hospital District, Haxtun
- Keefe Memorial Hospital, Cheyenne Wells
- Kit Carson District Hospital, Burlington
- Lincoln Community Hospital, Hugo
- Melissa Memorial Hospital, Holyoke
- Weisbrod Memorial Hospital, Eads
- Yuma District Hospital and Clinics, Yuma

Quick View of Roadmap Initiatives

- **Pharmacy solutions**
 - Physician Prescribing Shared Tool
 - Manufacturer-Carrier Compensation (incl. Rebates)
 - Pharmacy Pricing Transparency
 - Joining Lawsuits - Manufacturer Price Fixing, Opioids
 - HCPF Dept. Rx Cost Driver & Solutions Report
- **Hospital solutions**
 - Hospital Transformation Program (HTP)
 - Financial Transparency
 - Centers of Excellence and Obligations of Tax Exempt Hospitals
 - Alliance Model, Driving Community Reimbursements
 - Analytics by Hospital, for Communities
- **Alternate Payment Methodologies**
 - Hospital Transformation Program (HTP)
 - Out Of Network Reimbursements
 - Rx Value Based Contracting
 - Value Based Rewards
 - Procedural Bundles
 - Total Cost of Care Incentives, to Include Rx
- **Shared Systems Priorities and Innovations**
 - CIVHC APCD Affordability Supports, incl. Employer Data
 - TeleHealth / TeleMedicine and eConsults, Broadband
 - End of Life Planning
 - Prometheus
 - Universal Coverage
- **Population Health**
 - Behavioral Health Task Force
 - Teen vaping, adult tobacco use
 - Obesity
 - Maternal Health
 - Addiction, incl. Opioids prescribing guidelines
 - Suicide
 - Immunizations
 - Hosp. Transparency - Community Health Needs Assessment